

# The UK Card Payments Handbook

How to Choose a Card Machine, Merchant Account and Payment Processor. 2026 Edition

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2026

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# The UK Card Payments Handbook

## How to Choose a Card Machine, Merchant Account and Payment Processor. 2026 Edition

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# Part 1: Fundamentals

## Chapter 1: UK Card Interchange: The Cost Under Every Transaction

*UK card interchange explained: regulated consumer-debit at 0.2 percent, consumer-credit at 0.3 percent, unregulated commercial at 1.0 to 2.5 percent.*

# UK card interchange in 2026

Interchange is the fee the merchant's acquirer pays to the customer's card issuer on every card transaction. In the UK, consumer-debit interchange is capped at 0.2 percent and consumer-credit at 0.3 percent under retained EU regulation. Commercial cards are uncapped and run 1.0 to 2.5 percent. Cross-border UK-to-EEA interchange jumped to 1.15 to 1.50 percent post-Brexit and is the subject of an ongoing Payment Systems Regulator appeal. Understanding the structure matters because it determines whether blended or interchange-plus acquirer pricing fits your card mix.

## UK interchange table 2026

Card type | Rate | Regulated? |

Consumer debit (Visa, Mastercard, UK domestic) | 0.2% | Yes, IFR cap |

Consumer credit (Visa, Mastercard, UK domestic) | 0.3% | Yes, IFR cap |

Visa Business / Mastercard Business | ~1.2% | No |

Visa Corporate / Mastercard Corporate | ~1.8% | No |

Visa Purchasing / Mastercard Purchasing | ~2.0% | No |

UK to EEA consumer debit (cross-border) | 1.15% | Disputed, PSR appeal |

UK to EEA consumer credit (cross-border) | 1.50% | Disputed, PSR appeal |

AMEX (closed loop, no separate interchange) | 2.0 to 3.0% MSC | No, AMEX-set |

## Common Questions

### What is card interchange?

Interchange is the fee paid by the merchant's acquirer to the customer's card issuer on every card transaction. It is the largest component of the merchant service charge (MSC). The issuer (the customer's bank or card company) keeps interchange to cover the cost of card-account servicing, fraud risk and rewards programmes.

### What are UK consumer-debit interchange rates in 2026?

Capped at 0.2 percent under the retained UK Interchange Fee Regulation (originally EU 2015/751, retained post-Brexit). Applies to all consumer-debit transactions on Visa and Mastercard domestic UK rails. The cap is regulatory, not negotiable.

### What are UK consumer-credit interchange rates in 2026?

Capped at 0.3 percent under the same retained regulation. Applies to all consumer-credit transactions on Visa and Mastercard domestic UK rails. AMEX runs its own model (closed loop, no interchange split, merchant pays AMEX directly at higher overall rates).

### What are commercial-card interchange rates?

Unregulated. Commercial cards (business credit, corporate cards, purchasing cards) run 1.0 percent to 2.5 percent interchange depending on card sub-category. Visa Business 1.2 percent typical, Visa Corporate 1.8 percent, Visa Purchasing 1.8 to 2.2 percent. Mastercard equivalents broadly similar. Acquirers usually do not differentiate these on blended pricing, which is why blended over-charges B2B merchants and under-charges retail.

### What about cross-border interchange?

Post-Brexit, UK-EEA transactions are treated as cross-border on the EU side. Visa and Mastercard increased UK-to-EEA consumer-card interchange to 1.15 percent (debit) and 1.50 percent (credit) in 2021 when the inter-regional caps no longer applied. The Payment Systems Regulator (PSR) ruled in 2024 that this was anti-competitive; appeals are ongoing through 2026. Watch for changes if the PSR ruling holds.

### **How is interchange different from scheme fees?**

Interchange goes to the issuer (customer's bank). Scheme fees go to Visa or Mastercard themselves for running the rails. Scheme fees in 2026 run 0.05 percent to 0.20 percent on UK domestic card volume depending on transaction type, programme participation and acquirer agreement. Both are separate from the acquirer's own markup.

### **Why does interchange-plus pricing matter?**

IC+ pricing exposes interchange line by line so the merchant pays the actual cost. Blended pricing hides interchange in a single rate; the acquirer captures the spread between the merchant's blended rate and the actual interchange paid. For consumer-debit-heavy UK retail (most high-street), blended over-charges because consumer-debit is regulated low. For commercial-heavy B2B, blended can under-charge.

### **Can I negotiate interchange?**

No. Interchange is set by the card schemes (Visa, Mastercard, AMEX), not by the acquirer. What you can negotiate is the acquirer's markup (the "plus" in interchange-plus), the monthly fee, and the per-transaction flat fee. At £100k+ monthly card volume, most UK acquirers will reduce markups; below £25k monthly you have limited leverage.

## **Chapter 2: Interchange-Plus vs Blended Pricing**

*UK card-acquiring pricing models explained: interchange-plus (IC+) vs blended. £25k annual / £4k monthly threshold, worked examples per acquirer, when.*

### **Interchange-plus vs blended UK card-acquiring pricing**

Two UK card-acquiring pricing models. Blended (a single rate per transaction) wins below ~£25k annual / £4k monthly volume because the simplicity outweighs the rate saving. Interchange-plus (transparent line-by-line costs plus a fixed markup) wins above, often by 30-100 basis points. Consumer-debit interchange is regulated at 0.2% in the UK; IC+ exposes that favourable rate, blended hides it.

#### **The two models in 60 seconds**

##### **Blended**

One rate per transaction, regardless of card type. Examples: SumUp 1.69%, Square 1.75%, Zettle 1.75%, Dojo 1.4% to 1.9% depending on volume tier. The acquirer absorbs the interchange variation across card types and offers a fixed price.

## Interchange-plus (IC+)

Three line items per transaction: interchange (set by Visa or Mastercard), scheme fee (network operator cut) and acquirer markup (the fixed bit you negotiate). Examples: Stripe 1.4% + 20p UK card-present (which decomposes into ~0.2% interchange + 0.05% scheme + ~0.95% markup + 20p), Adyen IC + 0.30% + £0.10. The merchant's actual cost depends on the card mix.

## UK interchange rates (2026)

Card type | Interchange (UK domestic) | Source / status |  
 Consumer debit (Visa, Mastercard) | 0.20% | Regulated under retained EU 2015/751 |  
 Consumer credit (Visa, Mastercard) | 0.30% | Regulated under retained EU 2015/751 |  
 Commercial debit | ~1.20% | Unregulated; scheme-set |  
 Commercial credit | 1.50% to 2.50% | Unregulated; scheme-set |  
 AMEX (consumer or commercial) | ~1.40% to 2.50% | Different model (closed-loop); priced separately |  
 UK-EEA cross-border (Visa, Mastercard consumer) | 0.2% to 1.50% | Subject of current PSR cap appeal; see cross-border guide |

Interchange rates verified against Visa and Mastercard public schedules May 2026. Subject to scheme update.

## Worked example: where IC+ overtakes blended

A UK retail merchant with £180k annual volume, 90% consumer-debit, 5% consumer-credit, 5% commercial.

### Blended (Dojo at 1.5%)

$£180k \times 1.5\% = £2,700/\text{year MSC} + £20/\text{month} \times 12 = £240$  Total: £2,940 (1.63% of volume)

### IC+ (Adyen at IC + 0.30% + £0.10)

Card-mix interchange:  $90\% \times 0.2\% = 0.18\%$   $5\% \times 0.3\% = 0.015\%$   $5\% \times 1.5\% = 0.075\%$   
 Effective interchange: 0.27%

Scheme fee: ~0.10% Acquirer markup: 0.30% Effective MSC %: 0.67%

$£180k \times 0.67\% = £1,206/\text{year MSC} + \sim 3,000 \text{ transactions} \times £0.10 = £300 + £25/\text{month} \times 12 = £300$  Total: £1,806 (1.00% of volume) IC+ saves £1,134/year (38% lower TCA) at this volume and card mix. The IC+ saving comes from the consumer-debit interchange (0.2%) being exposed; blended buries it.

## Where blended wins

Three patterns favour blended:

**Pattern 1: low volume**

At £4k monthly volume, IC+ markup plus monthly fee plus per-transaction flat usually outweighs the rate saving. SumUp at flat 1.69% beats most IC+ deals at this volume because the £20 monthly fee on IC+ adds 0.5% to TCA.

**Pattern 2: commercial-card-heavy**

If 50%+ of volume is commercial credit cards (interchange 1.5%+), the blended cross-subsidy works in your favour. Dojo at 1.5% blended beats IC + 0.30% which would expose the 1.5% commercial interchange directly. Some B2B trade counters fit this pattern.

**Pattern 3: simplicity priority**

Some merchants prefer the predictability of a single rate. The TCA difference at £40k-£60k monthly is 10-25 basis points; for some operators, the simpler statement reconciliation is worth that.

**Where IC+ wins**

Three patterns favour IC+:

**Pattern 1: above £25k monthly volume, consumer-debit-heavy**

The classic case. UK retail (cafés, shops, hospitality) is 80%+ consumer-debit. The 0.2% regulated interchange is the cost-anchor; IC+ exposes it, blended hides it.

**Pattern 2: e-commerce with international mix**

E-commerce attracts more cross-border and commercial-card mix than physical retail. IC+ statements show exactly which transactions cost what; blended gives you no insight into where the cost sits.

**Pattern 3: high-ticket retail**

Jewellers, dentists, hotels and similar merchants benefit from IC+ because higher-ticket transactions carry more cost variance. The IC+ statement lets you see (and address) the high-cost transactions.

**UK acquirer pricing models, May 2026**

Acquirer | Default model | Notes |  
 SumUp | Blended only (1.69%) | No IC+ option |  
 Square | Blended only (1.75%) | No IC+ option |  
 Zettle | Blended only (1.75%) | No IC+ option |  
 Dojo | Blended (1.4%-1.9%) | IC+ available on enterprise contracts above £100k monthly |  
 Stripe | Blended (1.4% + 20p UK CP) | IC+ negotiable above £100k monthly volume |  
 Adyen | IC+ standard | Markup negotiable; targets above £30k monthly |  
 Worldpay | IC+ standard for above ~£20k monthly | Blended on lower-volume legacy

contracts |

Barclaycard, Lloyds Cardnet | IC+ standard for above ~£20k monthly | Bank-relationship-led pricing |

## The £25k annual / £4k monthly threshold

This is the practical breakpoint where pricing-model choice becomes material. Below: blended is almost always cheaper. Above: model the TCA both ways.

- Below £25k annual (~£2k monthly): stay no-contract blended. SumUp, Square or Zettle.
- £25k to £100k annual (£2k-£8k monthly): SumUp blended or Dojo blended. IC+ does not pay back yet.
- £100k to £300k annual (£8k-£25k monthly): mixed; depends on card mix. Run TCA both ways.
- £300k to £1m annual (£25k-£80k monthly): IC+ usually wins; switch to Stripe (custom), Adyen or a tier-one.
- Above £1m annual (£80k+ monthly): always IC+. Negotiate the markup.

## How to negotiate IC+ markup

- Have your annual volume number ready. Acquirers price markup against volume tiers.
- Have your card mix breakdown. Consumer-debit-heavy merchants can push for lower markup because the volume is uncontroversial.
- Quote competitor offers. Adyen will undercut Stripe on markup at high volume; Worldpay will match Adyen.
- Ask for a 12-month rate guarantee. Prevents stealth markup creep.
- Get scheme fees broken out separately. Some “IC+ + 0.30%” deals load scheme fees into the markup, distorting the headline.
- Use our TCA calculator to verify before signing.

## Cross-link: related learn pages

- Total Cost of Acquiring calculator for modelling both models on your volume.
- UK cross-border interchange guide for the EEA card-mix question.
- Visa-Mastercard cross-border update 2026 for the broker-vs-bank perspective.
- Which card machine tool for the right acquirer pick by trade.

## Frequently asked questions

### Above £25k monthly? Get IC+ quotes from 2-3 UK acquirers

If you are above the practical IC+ threshold, our matcher surfaces UK acquirers offering interchange-plus pricing with negotiable markups.

## Common Questions

### What is interchange-plus pricing?

Interchange-plus (IC+) is a transparent UK card-acquiring pricing model. The merchant pays the actual interchange fee (set by Visa or Mastercard, varies by card type) plus a fixed acquirer markup (typically 0.20% to 0.50%). Each transaction's exact cost depends on the card type used. The acquirer statement breaks the costs out line by line.

### What is blended pricing?

Blended pricing is a single rate (e.g. 1.69% per transaction) regardless of card type. The acquirer absorbs the interchange variation and offers a fixed price for simplicity. Examples: SumUp 1.69%, Square 1.75%, Zettle 1.75%. Dojo offers blended at 1.4% to 1.9% depending on volume.

### Which is cheaper, IC+ or blended?

It depends on volume and card mix. Below £25k annual / £4k monthly volume, blended usually wins because IC+ markups plus monthly fees outweigh the rate gap. Between £4k and £8k monthly, the two models are within 5-10 basis points of each other. Above £25k monthly, IC+ materially wins because consumer-debit interchange is regulated at 0.2% in the UK; blended hides this favourable rate. Above £80k monthly, IC+ saves 30-100 basis points typically.

### Is the £25k annual threshold a regulatory rule?

No. It is a practical pricing-model breakpoint, not a regulatory threshold. Below ~£25k annual card volume, the per-transaction administration of IC+ statements outweighs the rate saving. Above, the rate saving outweighs the administration. Different acquirers will have slightly different breakpoints (Stripe at ~£100k, Adyen at ~£50k) but the general shape holds.

### What does an IC+ statement look like?

Per transaction: interchange (e.g. 0.20% for consumer debit, 0.30% for consumer credit, 1.50% for commercial credit) + scheme fee (0.05% to 0.20%) + acquirer markup (0.20% to 0.50%) + per-transaction flat fee (0p to 10p). Per month: monthly fee, gateway fee, PCI fee. The statement is line-by-line transparent.

### Are there hidden costs in blended that disappear in IC+?

Yes. Blended bakes in cross-subsidisation: low-cost consumer-debit transactions subsidise high-cost commercial-credit transactions for the acquirer. If your card mix is consumer-debit-heavy (most UK retail), blended over-charges you. If your mix is commercial-credit-heavy (some B2B), blended under-charges you. IC+ removes the cross-subsidy.

## Does the UK Interchange Fee Regulation cap interchange?

Yes for consumer cards. Under the retained UK Interchange Fee Regulation (originally EU 2015/751, retained post-Brexit), consumer-debit interchange is capped at 0.2% and consumer-credit at 0.3% on UK domestic transactions. Commercial cards (B2B credit, business debit) are uncapped and run 1.0% to 2.5%. Cross-border interchange (UK-EEA) is the subject of the current Payment Systems Regulator appeal.

## How do I switch from blended to IC+?

Talk to your existing acquirer first; many will offer IC+ on request once you cross ~£25k monthly. If they will not, switch to one that does (Stripe, Adyen, Worldpay, Barclaycard). The switch involves a new merchant agreement, fresh underwriting and a 1-3 week transition. Use our TCA calculator to confirm the saving before switching.

# Chapter 3: UK Card Terminal Fee Structures: Flat, Blended, IC++, Tiered

*A plain-English guide to UK card-terminal pricing. Blended, interchange-plus (IC++), flat-rate, tiered, and the hidden monthly fees that change the actual total cost.*

UK card-terminal pricing is genuinely confusing. The same merchant can be quoted “1.4%”, “1.65% blended”, “0.3% + 0.05 + interchange”, “1.69% flat”, or “tiered, qualified rate 1.95%”. They are all different pricing models, and the headline number does not directly compare. This guide explains what each model means, when it works in your favour, and the hidden fees that catch operators out.

## The four main UK pricing models

Flat rate: one number for every transaction (1.69% SumUp, 1.75% Square, 1.5% Tide). Simple, predictable, fair to small operators, expensive at high volume. Blended rate: one number that bundles interchange, scheme fees and the acquirer margin (1.4% to 1.9% Dojo, bespoke Tyl). Cheaper than flat at higher volumes. Interchange-plus (IC++): the underlying interchange and scheme fees passed through directly, plus the acquirer margin separately (Adyen, some Stripe deals, Worldpay enterprise). Most transparent at high volume. Tiered: a ‘qualified’ headline rate applies to standard cards but premium and corporate cards downgrade to ‘mid-qualified’ or ‘non-qualified’ tiers at much higher rates. Worldpay and Barclaycard legacy contracts use this. Often the most expensive model for the merchant.

## Why the same headline number means different things

A 1.5% blended rate from Dojo is genuinely 1.5% all-in (subject to volume bands). A 1.5% qualified-tier rate from a legacy Worldpay contract can be 1.5% for some transactions, 2.5% for premium-tier card transactions, and 3% for corporate-card transactions. The actual cost depends on your transaction mix. If you take a lot of business-to-business cards (corporate cards), tiered pricing is much more expensive than the headline suggests. Always ask: “is this rate the all-in cost, or is there a downgrade structure I should see?”

## Interchange and scheme fees: the underlying cost

Every UK card transaction has an underlying cost the acquirer pays to the card scheme (Visa, Mastercard, Amex). Interchange is paid to the issuing bank; scheme fees are paid to Visa or Mastercard. Together they typically run 0.2% to 1.6% depending on card type. UK consumer debit is the cheapest (around 0.2%). UK consumer credit is mid (around 0.3% to 0.6%). Premium and corporate cards run 1.0% to 1.6% and above. International cards (US-issued, EU-issued) run higher. Interchange-plus pricing exposes this; blended and flat-rate pricing absorb it into the headline. The acquirer's margin sits on top.

## Monthly platform fees and the small-print costs

Headline transaction rate is rarely the whole picture. Watch for: monthly platform fee (£15 to £30 typical for contract products, £0 for SumUp, Square and Zettle), PCI compliance fee (£3 to £15 a month, often hidden), authorisation fee (£0.01 to £0.05 per transaction on top of the rate), statement fee (£0 to £5 a month), chargeback fee (£15 to £25 per chargeback, often non-refundable even on chargebacks you win), early-termination fee, and minimum monthly transaction fee (you pay it even if you do not trade). Total cost of acceptance is rate times volume, plus monthly fees, plus ad-hoc fees; not just the rate.

## Worked example: £15k monthly volume

Dojo Go blended 1.5%: £15,000 times 1.5% times 12 = £2,700 per year. Plus typical £0 platform fee. Total: £2,700. SumUp Solo flat 1.69%: £15,000 times 1.69% times 12 = £3,042 per year. Plus £0 platform fee. Total: £3,042. Worldpay tiered 1.5% qualified, 2.5% premium, 3% corporate (assuming 70% qualified, 20% premium, 10% corporate mix): blended effective rate approximately 1.85%. £15,000 times 1.85% times 12 = £3,330. Plus £25 per month platform = £3,630. The Worldpay tiered headline of 1.5% actually costs more than the SumUp flat 1.69%. Tiered pricing is the trap.

## When each model wins

Flat rate (SumUp, Square, Zettle, Tide): wins for sub-£15k monthly volume. Predictable, no contract, no surprises. Blended (Dojo, Tyl): wins £15k to £100k monthly. Better all-in cost than flat at scale, simpler than IC++. Interchange-plus (Adyen, enterprise Stripe): wins £100k+ monthly, especially with a low-premium-card transaction mix. Maximum transparency. Tiered (Worldpay legacy): rarely wins for the merchant in 2026; if you have a tiered contract, run the comparison and consider switching.

## Common Questions

### What is the difference between blended rate and interchange-plus?

Blended bundles interchange, scheme fees and acquirer margin into one number (e.g. 1.5%). Interchange-plus splits them: interchange and scheme fees pass through directly (typically 0.2% to 1.6% depending on card type), and the acquirer margin is quoted separately (typically 0.1% to 0.5%). Interchange-plus is more transparent and usually cheaper at high volume; blended is simpler at low to mid volume.

### Why is tiered pricing risky?

Tiered pricing quotes a ‘qualified’ headline rate but downgrades premium and corporate-card transactions to higher tiers (often 2.5% to 3.5%). The actual cost depends on your transaction mix, which you cannot fully control. UK acquirers are moving away from tiered in 2026 but legacy Worldpay and Barclaycard contracts still use it. Always ask for the full tier schedule before signing.

### **Are flat-rate products always more expensive at high volume?**

Usually yes. SumUp’s 1.69% flat rate at £30k monthly volume costs £6,084 a year. Dojo’s blended 1.5% at the same volume costs £5,400. The £684 saving from blended pricing exceeds the cost of a 12-month contract risk. Above £30k monthly, flat-rate products become uncompetitive.

### **What hidden fees should I watch for?**

Monthly platform fee, PCI compliance fee, authorisation fee, statement fee, chargeback fee, early-termination fee, and minimum monthly transaction fee. Together these can add £25 to £75 a month to a contract product. SumUp, Square, Zettle, Tide and Revolut publish these clearly (mostly £0). Worldpay and ISO-deployed PAX A920 contracts often hide them; ask for a written schedule of all fees before signing.

## **Chapter 4: How to Choose a Card Terminal**

*A practical UK buyer guide for choosing a card terminal in 2026. Six questions to answer, the trade-offs that matter, and how to compare contract vs no-contract.*

Choosing a UK card terminal in 2026 is dominated by one number: your expected monthly card volume. Below £10k, no-contract no-monthly-fee products win. Above £15k, contract products with blended or interchange-plus pricing win. The hardware question is downstream of that. This guide walks the six questions you need to answer before you commit to anything.

### **Question 1: What is your expected monthly card volume?**

This is the single most important number. A new sole trader expecting £3k a month has no business signing a 12-month contract. A busy gastropub doing £40k a month is leaving money on the table by paying SumUp’s 1.69% flat. Pull your last 3 to 6 months of card receipts (or estimate honestly for a new business) and treat that as the baseline. The rate model is then comparable: 1.69% times £3,000 times 12 = £610 a year, vs Dojo’s 1.5% times £3,000 times 12 = £540 a year (a £70 saving that does not justify a 12-month contract). At £40,000 monthly the same maths becomes £8,112 vs £7,200, an £912 saving that does justify the contract.

### **Question 2: Do you trade weekends, peaks, or seasonally?**

Hospitality and event-trade venues that take most of their card flow on Friday to Sunday materially benefit from same-next-day weekend settlement. Dojo Go is the only main-stream UK terminal that offers it. Most others settle next business day, which means Sunday’s takings land on Tuesday. For a £20k weekend turnover, that is real working capital. Seasonal traders (Christmas markets, summer festivals) need no-contract products because they will not trade for 6 to 9 months of the year.

### **Question 3: Where will you actually trade?**

Fixed shop with reliable WiFi: any standard terminal works. Market hall with patchy WiFi: 4G hardware (SumUp Solo, Stripe Reader S700, Square Terminal). Outdoor festival or rural pitch: 4G hardware with all-day battery. Mobile trader visiting customers: Tap to Pay on iPhone (zero hardware) or SumUp Solo. Multi-network connectivity (4G, WiFi and Bluetooth) is worth paying for if you trade anywhere outside a single fixed location with reliable internet.

### **Question 4: Do you need POS, inventory, or e-commerce integration?**

A card reader is one component. The wider stack matters. Square Terminal integrates with Square Online, Square Appointments, and Square Inventory; if you want a unified single-vendor stack, that is the strongest answer below £20k monthly. Stripe Reader S700 integrates with Stripe-built websites and Shopify. Dojo integrates with Lightspeed, Goodtill, Zonal, ICRTouch and others. SumUp has a basic POS app but weaker e-commerce integration. Confirm the exact POS and e-commerce integration before purchasing the terminal because some are software-only.

### **Question 5: Are you in a high-risk vertical?**

Mainstream UK acquirers (SumUp, Square, Dojo, Worldpay, Tyl) decline or terminate merchants in restricted categories: vape and CBD, adult, gambling, debt-collection, pay-day lending, MLM, ticketing-resale. If you are in one of these, ignore the no-contract no-monthly-fee products and route directly to high-risk specialists (Trust Payments, Universe Payments, Acquired.com). Their pricing is higher but their underwriting accepts your category.

### **Question 6: How much hardware integration do you actually need?**

Three tiers. Tier 1: card reader only. Tap to Pay on iPhone, Zettle Reader 2, Tide Card Reader. Cheapest, simplest, no till. Tier 2: standalone terminal. SumUp Solo, Square Terminal, Dojo Go, Stripe Reader S700. Built-in receipt printer (most), runs without a paired phone. Tier 3: integrated POS. PAX A920 plus acquirer software, Square Stand plus tablet, Stripe plus ePOS Now. Pick the lowest tier that covers your needs; over-buying is the most common mistake.

### **How to actually run the comparison**

Get three quotes in writing. One from a no-contract product (SumUp, Square, Tide). One from a contract product (Dojo, Tyl). One from your bank if it offers acquiring (NatWest Tyl, Barclaycard, Lloyds Cardnet). Build a one-page spreadsheet: monthly volume times rate, plus monthly platform fees over 12 months, plus hardware. Subtract any settlement-speed advantage worth quantifying. The cheapest headline rate with poor settlement timing can lose to a slightly higher rate with same-day settlement during a peak trading week. Always confirm the rate is in writing on the contract, not just in sales conversation.

### **Common Questions**

#### **What is the most important factor in choosing a UK card terminal?**

Expected monthly card volume. Below £10k, no-contract products (SumUp, Square, Zettle) win on cost and flexibility. Above £15k, contract products (Dojo, Tyl, Stripe, Adyen) win on rate. Get three written quotes and compare on total 12-month cost including monthly fees and hardware.

### **Should I always pick the cheapest headline rate?**

No. Settlement timing, contract length, monthly fees, hardware cost, and customer-service quality all matter. A 1.5% rate with next-Tuesday settlement and a £25 monthly fee can lose to a 1.69% rate with same-day-weekend settlement and no monthly fee, depending on your trading pattern.

### **How long should I sign a card terminal contract for?**

Twelve months at most for a first contract. Above £30k monthly volume, 18 to 36 months can be negotiated for a better rate, but only with explicit early-termination terms. Avoid 36-month rentals from ISO brokers unless the rate model genuinely beats no-contract alternatives.

### **Do I need a contract or is no-contract fine?**

For sub-£15k monthly volume, no-contract is almost always the right answer. Above £15k, run the rate maths against the contract length on offer. Contracts also lock in settlement timing and customer service, which matter at higher volumes; the contract is not just a rate question.

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## **Part 2: Hardware and Payment Methods**

### **Chapter 5: Mobile vs Countertop Card Terminals**

*A UK 2026 comparison of mobile card readers vs fixed countertop terminals.*

The mobile vs countertop choice splits roughly along trade lines. Mobile traders, market stalls, mobile services and pop-up retail need portable battery-powered hardware. Fixed-location retail, hospitality and healthcare need dedicated countertop or table-side hardware. Some businesses need both. This guide walks the trade-offs and the hybrid setups.

#### **What counts as mobile vs countertop**

Mobile: battery-powered, designed to be carried, runs on 4G or paired to a phone. SumUp Solo, Zettle Reader 2, Tide Card Reader, Revolut Card Reader, Stripe Reader S700, Tap to Pay on iPhone. Countertop: mains-powered or dock-charged, designed to sit on a till, often with built-in receipt printer and POS app. Square Terminal, Dojo Go (sits on dock between uses), PAX A920 Pro, Worldpay countertop estate. The line is blurry; a Square Terminal can be carried for a few hours but is designed to live on a till.

## When mobile wins

Mobile trades visiting customers (plumbers, electricians, dog groomers, mobile beauticians). Market stalls and pop-up retail. Outdoor events, festivals, food vans. Multi-room or multi-zone businesses where the till location varies (large garden centre, gallery). Hospitality with table-side service. Any business where the customer is not always in the same place.

## When countertop wins

Fixed-location retail: shop staff stay at the till, customers come to them. Hospitality with bar service (pubs, fast-service cafes). Healthcare reception desks. Veterinary practices. Any business where the till location is genuinely fixed and the throughput justifies a dedicated device. Receipt-printing requirements: countertop terminals have better-integrated printers than mobile readers.

## Hybrid setups: when you need both

Restaurants often run a fixed countertop terminal for bar service plus mobile readers for table-side. Garden centres run a fixed till plus mobile for outdoor sales. Multi-zone retail runs a primary till plus a satellite mobile reader for busy periods or pop-up extensions. Most modern UK acquirers support multiple devices on one merchant account; you do not pay double fees. The decision is hardware cost (£49 to £329 per extra reader) vs the throughput improvement.

## Battery, connectivity and reliability

Mobile readers run on battery: full-day battery life is the right benchmark, with a power bank for longer shifts. 4G connectivity is the right answer for any mobile reader; Bluetooth-only readers depend on the paired phone's signal. Countertop terminals run on mains; reliability is much higher because there is no battery to fail and the connectivity is usually wired Ethernet or fixed WiFi. Dojo Go sits on a dock when not in use, charging continuously, and is one of the few products that genuinely works in both modes.

## Cost comparison: mobile vs countertop

Mobile hardware: zero (Tap to Pay on iPhone) to £329 (Stripe Reader S700). Countertop hardware: £149 to £199 (Square Terminal) to bespoke (Worldpay rental at £15 to £30 per month). Transaction rates are usually identical between mobile and countertop products from the same acquirer. The cost difference is the hardware and the rental. For a business that genuinely needs both, the right answer is usually two units of the same hardware platform (two SumUp Solos, two Square Terminals, two Dojo Gos) rather than mixing brands.

## Common Questions

### Should I get a mobile or countertop card terminal?

Mobile if you trade away from a fixed till (mobile services, market stalls, pop-up, table-side hospitality). Countertop if you have a fixed till and high transaction count. Hybrid setups are common for restaurants, garden centres and multi-zone retail; most acquirers support multiple devices on one merchant account.

### **Are mobile card terminals less reliable than countertop?**

Slightly, because they run on battery and depend on 4G or Bluetooth connectivity. Countertop terminals run on mains with wired or fixed WiFi connectivity, which is more reliable. The difference matters for high-volume hospitality at peak hours; less so for mobile trades where the alternative is no card acceptance at all.

### **Can I use a mobile card reader as my main terminal?**

Yes for most low to mid-volume businesses. SumUp Solo and Square Terminal both work as primary terminals for cafes, small retail, and service businesses. Above £15k monthly volume, a countertop product (Dojo Go on its dock) is more reliable for primary use, with a mobile reader as backup or table-side companion.

### **Do mobile and countertop terminals charge different rates?**

No. The transaction rate is set by the acquirer, not the form factor. SumUp Solo and SumUp Air both charge 1.69%. Square Terminal and Square Reader both charge 1.75%. Dojo Go and Dojo countertop both run blended 1.4% to 1.9%. The hardware choice does not change the rate; only the upfront cost.

## **Chapter 6: Tap to Pay on iPhone vs Hardware Terminals**

*A practical UK comparison of Tap to Pay on iPhone vs traditional card-terminal hardware in 2026.*

Tap to Pay on iPhone is the most disruptive UK card-acceptance product of 2025-2026. It removes the hardware cost entirely. For mobile traders, plumbers, electricians, dog groomers, mobile beauticians, and pop-up retail, it is often the right answer. For fixed-location retail and busy hospitality, dedicated hardware still wins. This guide walks the trade-offs.

### **How Tap to Pay on iPhone actually works**

Tap to Pay on iPhone uses the iPhone's NFC chip to accept contactless cards, Apple Pay and Google Pay. iPhone XS or newer running iOS 16.4 or later. The merchant downloads an acquirer app (SumUp, Square, Zettle, Stripe, Tide, or Revolut all support it on UK iPhones). Customer taps their card or phone against the back of the merchant's iPhone; transaction is authorised in 1 to 2 seconds. PCI-compliant via Apple's Secure Enclave; the merchant never sees the card data. End-to-end encrypted by design.

## When Tap to Pay on iPhone wins

Mobile trades: plumbers, electricians, dog groomers, mobile beauticians, mobile mechanics. Zero hardware to carry. Pop-up and event retail: zero setup time. New businesses: cheapest possible start. Sole traders with low transaction count: avoids the £99 SumUp Solo or £149 Square Terminal hardware investment. Fields with intermittent trading: hardware that sits unused for months on end is wasted; the iPhone is always with you.

## When dedicated hardware still wins

Fixed-location retail with high transaction count: shop staff need a dedicated till device, not a personal phone. Hospitality with table-side service: customers expect a dedicated terminal at the table, not a server's phone. Receipt-printing requirements: Tap to Pay on iPhone is digital-receipt only. Multi-staff environments: multiple users on one phone is awkward; multiple terminals is cleaner. Higher transaction volumes (£15k+ monthly): the contract products with blended rates are cheaper than no-contract Tap to Pay routes. Outdoor or harsh-environment trading: a dedicated reader is more rugged than an iPhone.

## Acquirer choice on Tap to Pay on iPhone

Once you have a compatible iPhone, you choose the acquirer. SumUp at 1.69% per transaction (no contract, registered-charity rate 0.99%). Square at 1.75% per transaction (no contract). Zettle at 1.75% per transaction (no contract). Stripe at custom rates. Tide at 1.5% per transaction (Tide Business banking required). Revolut at 0.8% to 1.0% per transaction (Revolut Business plan required). The choice is essentially the same as choosing between hardware acquirers; just no hardware to buy.

## What about Tap to Pay on Android?

Google rolled out Tap to Pay on Android in the UK during 2024-2025. Functionally similar to Tap to Pay on iPhone but on Android phones. Acquirer support is more limited; SumUp and Square support it on UK Android, Stripe rolled out support during 2025. Coverage is improving but not yet universal. For Android-only users, SumUp Solo at £99 with free 4G SIM remains the simplest entry point.

## Battery and reliability

Tap to Pay on iPhone drains battery faster than the iPhone's normal use. Heavy use (50 or more transactions a day) reduces battery life by roughly 20% to 30%. Carry a power bank if you trade more than 4 to 5 hours away from a charger. Reliability is high but the iPhone is now a single point of failure: if it dies or runs out of battery, you cannot trade. A dedicated terminal is independent of your phone, which is a real reliability win for any business that cannot afford even an hour of card-acceptance downtime.

## Common Questions

### Is Tap to Pay on iPhone safe?

Yes. Tap to Pay on iPhone is PCI-compliant and uses Apple's Secure Enclave for card data. The transaction is end-to-end encrypted. The acquirer (SumUp, Square, Zettle, Stripe, Tide or Revolut) handles the card-scheme processing. The merchant never sees the customer's card data. Security model is equivalent to dedicated hardware.

### **Which is cheaper, Tap to Pay on iPhone or a dedicated card reader?**

Tap to Pay on iPhone wins on hardware cost (zero) for any business that already has a compatible iPhone. The transaction rate is the same as the underlying acquirer (SumUp 1.69%, Square 1.75%, etc.) so there is no rate difference. The saving is purely the £49 to £329 hardware. For a business doing more than £10k monthly volume, the rate model is the bigger lever; for sub-£10k it is the hardware saving.

### **What if my iPhone is too old for Tap to Pay?**

Tap to Pay on iPhone needs iPhone XS (2018) or newer running iOS 16.4 or later. Older iPhones do not support it. SumUp Solo at £99 with free 4G SIM is the next-best dedicated mobile reader. Tide Card Reader at £49 is cheaper if you already bank with Tide.

### **Can I use Tap to Pay on iPhone in a busy retail shop?**

It works but it is rarely the right answer. Shop staff need a dedicated till device, not a personal phone. Multiple staff on one phone is awkward. Customers expect a dedicated terminal. Square Terminal or Dojo Go is the better fit for fixed-location retail above 50 transactions a day.

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## **Part 3: Costs, Contracts and Switching**

### **Chapter 7: Settlement Schedules: When the Money Lands**

*How UK card-acquirer settlement actually works. Same-day vs next-day, rolling reserves, weekend posting, new-merchant holds and what schedule fits which.*

#### **UK card-acquirer settlement schedules**

Settlement is when the money the customer paid actually lands in your bank account. Authorisation (card approved) and settlement (cash in hand) are separate events. Most UK acquirers run T+1 settlement (next business day). Same-day is available from Dojo, Tide, Revolut and Tyl, typically requiring the merchant to bank with the acquirer or partner. New merchants face 7-day rolling reserves until established; high-risk verticals carry permanent 5 to 10 percent reserves. For tight-margin trades, settlement schedule is worth more than rate.

## UK settlement schedules by acquirer 2026

Acquirer | Default schedule | Same-day? |  
 Dojo | Same-day or next-day | Yes, default for hospitality + retail |  
 Tide Card Reader | Same-day to Tide account | Yes |  
 Revolut Card Reader | Same-day to Revolut Business | Yes |  
 Tyl by NatWest | Next-business-day to NatWest account | No |  
 SumUp | Next business day | Same-day on select plans |  
 Square | Next business day | Same-day for additional fee |  
 Zettle | 1 to 2 business days | No |  
 Stripe (new) | 7-day rolling | No until established |  
 Stripe (established) | 2-day or daily | No, but daily available |  
 Worldpay | Next business day | Plan-dependent |  
 Adyen | Bespoke per merchant | Available on enterprise plans |

## Common Questions

### What is settlement?

Settlement is the process of moving money from the customer's card-issuing bank to the merchant's nominated bank account, via the acquirer. Authorisation (the moment the card is approved at the till or checkout) and settlement (the moment the merchant actually has the funds) are separate events. Most UK acquirers settle T+1 (next business day) as standard.

### What is same-day settlement?

Same-day settlement posts the day's card receipts to the merchant's bank account before the working day ends, typically by 4 to 8pm. Available from Dojo (default for hospitality and retail), Tide (to Tide Business accounts), Revolut (to Revolut Business), Tyl by NatWest (to NatWest business accounts). Often requires the merchant to bank with the acquirer or a partner.

### What is T+1 settlement?

T+1 (transaction date plus one business day) is the standard. Friday transactions settle Monday; Saturday and Sunday transactions also settle Monday unless the acquirer offers weekend posting. Most UK SMB acquirers (SumUp, Square, Zettle, Stripe established accounts) run T+1.

### Why do new merchants get longer settlement holds?

Acquirer fraud risk. A new merchant has no track record; the acquirer cannot tell legitimate from fraudulent. Stripe defaults to a 7-day rolling reserve for new UK merchants, dropping to 2-day or daily once the account is established (typically 30 to 90 days of clean trading). Square and Worldpay run similar new-account holds. High-risk verticals carry permanent reserves (5 to 10 percent of monthly volume).

### What is a rolling reserve?

A percentage of card volume the acquirer holds back from settlement to cover potential chargebacks. Standard for high-risk verticals: 5 to 10 percent of monthly volume held for 6 months on a rolling basis. Released after the chargeback window closes. Mainstream

low-risk merchants do not typically have rolling reserves unless their chargeback ratio crosses a threshold.

### **Why does settlement schedule matter to my business?**

Cashflow. A hospitality business doing £2,000 weekend takings on T+1 settlement waits until Tuesday for the money. On same-day, the Saturday takings land Saturday evening. For tight-margin trades the working-capital saving is meaningful: 1 to 3 days of card takings sitting in your account instead of in transit. For high-volume retailers, choosing daily versus weekly settlement is a £10,000 to £50,000 working-capital swing.

### **Do weekends count as business days for settlement?**

For most UK acquirers, no. Saturday and Sunday card transactions settle the next business day (Monday). For Dojo, Tide, Revolut and same-day-enabled acquirers, weekend transactions settle the same day. Bank holidays follow the same rule: not a business day, not a settlement day. UK bank holidays cluster in May and August, creating 3-day settlement gaps several times per year.

### **Can I switch settlement schedule with my acquirer?**

Yes for most acquirers, but with caveats. Stripe lets established merchants choose daily, weekly or monthly schedules from the dashboard. Adyen schedules are agreement-specific and require account-manager change. Dojo offers same-day, next-day or weekly on plan upgrade. Worldpay and Elavon typically lock the schedule to the merchant agreement; switching requires renegotiation.

## **Chapter 8: Card Payment Reserves for Travel and Tour Operators**

*How UK card-acquirer rolling reserves and settlement schedules actually work for travel and tour operators.*

### **UK card-payment reserves for travel and tours**

Travel and tour operators face a structural cashflow tax that mainstream retail does not: card-payment reserves. The mechanism is straightforward but rarely explained clearly at onboarding. The acquirer withholds 10 to 30 percent of monthly card takings, holds it for 6 months on a rolling basis, and releases it back assuming no chargebacks have been drawn in the meantime. On top of that, settlement of the remaining funds often runs T+5 to T+30 rather than the T+1 standard. In steady state, a third of a typical operator's monthly takings can sit outside the operating account at any time. This guide explains why reserves exist, the typical UK 2026 structures, how to negotiate them down as your refund history matures, and when reserves become unreasonable.

#### **Why reserves exist**

The chain of liability runs cardholder, issuer, scheme, acquirer, merchant. When a UK customer pays for a holiday in March that they will take in August, the issuer settles the funds to the acquirer, the acquirer settles to the merchant. If the operator fails in June, the

customer disputes the transaction with their issuer.

For credit-card transactions, Section 75 of the Consumer Credit Act 1974 makes the issuer jointly and severally liable with the merchant for the failure (provided the transaction value is between £100 and £30,000). The issuer pays the cardholder and then claws back from the acquirer through the scheme rails. For debit-card transactions, the chargeback scheme (a contractual scheme rather than a statutory right) achieves a similar outcome.

Either way, the acquirer ends up funding the customer refund. If the operator is solvent, the acquirer claws back from the merchant. If not, the acquirer wears the loss. The reserve is the acquirer's buffer against operator failure between authorisation and delivery. Card schemes (Visa and Mastercard) responded to the Thomas Cook and Monarch collapses with tighter rules on future-dated travel acceptance, and acquirers responded with tighter reserve policies.

## Typical UK 2026 reserve structures

Operator profile | Typical reserve | Settlement schedule |

In-person day experiences (walking tour, cooking class) | Often nil at mainstream acquirers | T+1 to T+5 |

Short-lead-time tours (under 30 days) | 5 to 10 percent | T+5 |

Mid-lead-time tours (1 to 6 months) | 10 to 20 percent | T+5 to T+14 |

Long-lead-time tours and retreats (6+ months) | 15 to 30 percent | T+14 to T+30 |

ATOL-bonded package operators | Variable; often trust-account flow | Trust until customer travels |

New entrants (under 12 months trading) | Top of band 20 to 30 percent | T+14 to T+30 |

Reserve periods are typically 6 months, but some acquirers run 180 days, 270 days or even 12 months for the highest-risk profiles. Always confirm the period as well as the percentage; both matter for working-capital planning.

## How rolling reserves move money

Take a £100,000-per-month operator at 20 percent reserve, 6-month roll, T+14 settlement on the remaining 85 percent (actually 80 percent after reserve; “remaining” means non-reserve volume). In month one:

- £100,000 of card transactions authorised across the month.
- £20,000 withheld as reserve.
- £80,000 settled to the operating account on T+14 from each transaction date.
- End of month one: £20,000 sits in the reserve account, due for release in month seven.

By month seven (steady state), the operator has £120,000 of reserve money parked at any given time (6 months of £20,000 each), plus roughly £40,000 of in-flight non-reserve settlement at any given time. That is £160,000 of working capital sitting outside the operating account.

Compare with a mainstream retail merchant at T+1 settlement, no reserve: the same £100,000-per-month volume sits in the acquirer's flow for at most one business day. The working-capital differential is large enough that some travel operators reorganise the business model (longer deposit windows, more direct-debit billing through GoCardless, restructured booking terms) specifically to reduce the reserve burden.

## Negotiating reserves down

Reserves are commercial terms, not regulatory requirements. The acquirer prices the residual risk; if you can demonstrate the risk is lower than the reserve implies, you have negotiating room.

The five negotiation levers, in rough order of weight with acquirer underwriters:

- Clean refund and chargeback history. Twelve to twenty-four months of chargeback ratio below 0.5 percent is the strongest single argument.
- Bonding and customer protection. ATOL, ABTOT, ABTA, insurance-backed schemes (TTA, IPP, Travel and General). Each reduces the acquirer's residual exposure.
- Shorter average lead time. The risk window is the gap between authorisation and delivery. Operators with a 30-day average lead time are lower risk than operators with a 365-day average.
- Trading record and corporate stability. Multiple years, consistent volume, audited accounts, low complaint rate at the Financial Ombudsman or the ATOL claims register.
- Channel mix. Online card-not-present is higher risk than in-person card-present; an operator that has shifted balance toward in-person delivery payment (deposit online, balance on the day) reduces the acquirer's exposure on average.

Push for a written reserve-reduction schedule at onboarding, with explicit triggers (months trading, chargeback-ratio thresholds, review cadence). Discretionary reviews drift; written schedules get honoured.

## When reserves become unreasonable

Reserves are reasonable when they are commensurate with actual chargeback risk and reduce as risk evidence accumulates. They become unreasonable when:

- The reserve percentage is materially above the actual chargeback ratio (e.g. 20 percent reserve against a 0.3 percent chargeback ratio).
- The reserve has not reduced in 18+ months despite documented clean history.
- The acquirer cannot articulate the conditions under which the reserve will reduce.
- The release schedule has been extended unilaterally beyond the original term.
- The reserve grows when monthly volume grows, with no corresponding chargeback increase.
- The reserve survives a renewal where the merchant could have switched to a better-priced alternative.

At that point, the working-capital cost of the reserve typically exceeds the cost of switching to a better-priced acquirer, even accounting for the friction of transition. MerchantHQ's switching support for UK travel operators is built around this calculation.

## Related

- Card machines for UK travel and tour operators (pillar)
- Switching from a 20%+ reserve: travel and tour operators
- UK acquirer settlement schedules
- UK card chargebacks 2026

## Common Questions

### What is a card-payment reserve?

A card-payment reserve is a percentage of monthly card takings the acquirer withholds from settlement to cover potential future chargebacks. Reserves are most common in verticals where the gap between authorisation (the moment the card is approved) and delivery (the moment the customer receives the service) is long. Travel and tour operators are the textbook case: customers pay months before they travel.

### Why do reserves exist for travel and tours?

Card networks (Visa and Mastercard) and the issuing banks bear the chargeback liability if a merchant fails between authorisation and delivery. Section 75 of the Consumer Credit Act 1974 makes the credit-card issuer jointly liable with the merchant for failure to deliver, which the issuer claws back from the acquirer, which claws back from the merchant or the reserve. The reserve is the acquirer's buffer against operator failure. After Thomas Cook (2019) and Monarch (2017), card schemes tightened rules and acquirers tightened reserves.

### What is the typical reserve for a UK travel operator in 2026?

10 to 30 percent of monthly card volume, held for 6 months on a rolling basis, is typical. The exact percentage depends on refund history, ATOL or ABTOT bonding status, lead time between booking and delivery, average ticket size, and trading history. New entrants face the top of the range (20 to 30 percent); operators with multiple seasons of clean history negotiate down toward 10 to 15 percent.

### How does a rolling reserve actually work?

Each trading month, the acquirer withholds the reserve percentage from settlement and holds it for the reserve period (typically 6 months). After the reserve period, the funds are released back to the operator, assuming no chargebacks have been drawn against that month's volume. The reserve "rolls" because each month a new tranche is withheld and an old tranche is released. In steady state the acquirer is always holding 6 months' worth of withheld funds.

### How do I negotiate my reserve down?

Five levers. One: clean refund history (chargeback ratio below 0.5 percent for 12 to 24 months). Two: ATOL, ABTOT, ABTA or insurance-backed bonding evidence at onboarding and at every review. Three: a written, customer-signed refund policy that is enforceable in a dispute. Four: shorter average lead time between booking and delivery (a 30-day lead-time tour is lower risk than a 365-day-out cruise). Five: a stable trading record (multiple years, consistent volume, low complaint rate). Push for a written reserve-reduction schedule at onboarding, not just a discretionary review.

### **When are reserves unreasonable and worth pushing back on?**

When your reserve percentage is materially above your actual chargeback ratio without a documented justification. Rule of thumb: if your chargeback ratio is below 0.5 percent (well below the Visa monitoring threshold of 0.9 percent) and your reserve is 20 percent or more, that is a working-capital tax above your actual risk profile. Other red flags: the acquirer cannot articulate the conditions under which the reserve will reduce, the reserve has not moved in 18+ months despite clean history, or the release schedule has been quietly extended beyond the original term.

### **What is the difference between a reserve and a settlement delay?**

A reserve withholds a percentage of takings; the rest settles on the normal schedule. A settlement delay slows down settlement of all takings. Many travel acquirers combine both: 15 percent reserve plus T+14 settlement on the remaining 85 percent. The two flows are separate. Confirm both numbers when comparing acquirer offers, not just the headline reserve.

### **Are reserves and settlement schedules regulated in the UK?**

Not directly. Reserves and settlement schedules are commercial terms in the merchant-acquirer agreement, not regulated by the FCA or the PSR. The FCA regulates acquirers as Authorised Payment Institutions or Electronic Money Institutions, but the specifics of reserves and settlement are bilateral. Card-scheme rules (Visa Core Rules, Mastercard scheme rules) impose minimum standards on merchant monitoring and chargeback handling, which indirectly shape acquirer reserve policy but do not set reserve levels.

## **Chapter 9: How to Switch UK Card-Terminal Providers**

*A practical guide to switching card-terminal providers in the UK in 2026. The five-step process, the contract clauses that catch operators out, and how to avoid downtime.*

Switching card-terminal providers in the UK in 2026 is mostly an exercise in reading the contract you are leaving. Early-termination fees, auto-renewal clauses, hardware return obligations and remaining-monthly-fees clauses all live in the small print of your existing contract. The mechanics of activating a new provider take 24 to 72 hours; the mechanics of leaving the old one cleanly take 30 to 90 days.

### **Step 1: Read your existing contract**

Before you do anything, find your current contract. The clauses that matter are: minimum term, early-termination fee (often expressed as remaining-monthly-fees plus a percentage), auto-renewal (typically 30 days notice required, sometimes 90), hardware return (usually 14 days post-termination, often with a non-return penalty), and any mer-

chant-services agreement separate from the terminal-rental agreement. Worldpay, Barclaycard and Lloyds Cardnet contracts often have two separate agreements. Both need terminating cleanly.

## **Step 2: Calculate the cost of leaving**

Multiply your remaining contract months by the monthly fee. Add any early-termination charges expressed as a percentage. Add the projected loss from auto-renewal if you miss the notice window. For a typical 36-month Worldpay contract with 18 months left at £25 per month rental, the early termination is roughly £450 to £600. If your savings on the new provider over the next 18 months exceed that figure, switch. If not, run out the contract.

## **Step 3: Pick your new provider and run KYC**

Open the new provider account in parallel, while your existing terminal is still live. KYC takes 24 to 72 hours for no-contract products (SumUp, Square, Zettle), 5 to 14 days for contract products (Dojo, Tyl, Stripe). Provide all the documents up front: business registration (Companies House for Ltd, sole-trader name and address), beneficial owners and directors (for Ltd), proof of trading (recent bank statement, recent invoice), and the business bank account for settlement. Do not start switching customer-facing flows until the new account is approved and a test transaction has settled.

## **Step 4: Run a parallel period**

For one to two weeks, run both terminals side-by-side. Use the new one for daily trading; keep the old one as backup. This catches integration issues (POS not talking to the new terminal, settlement going to the wrong account, contactless throughput slower than expected). It also gives you a clean audit trail before you serve the cancellation notice on the old contract. Hospitality operators in particular benefit from a parallel weekend before going single-provider.

## **Step 5: Serve cancellation notice and return hardware**

Serve cancellation notice on the old provider in writing (email is fine; some providers require letter). Use recorded delivery. Capture the date you sent the notice and the date the provider acknowledges it; this is the audit trail if there is a dispute. Return rented hardware within the contracted window (typically 14 days) using a tracked courier. Keep the tracking proof. Cancel any direct debits to the old provider only after the final settlement and any monthly fees have cleared, otherwise you can be reported to credit reference agencies for the unpaid amount.

## **Common gotchas**

Auto-renewal: many UK card-acceptance contracts auto-renew for 12 months unless you give 30 to 90 days notice in the right form. Miss the window and you are stuck for another year. Hardware return penalties: not returning rented hardware on time can cost £150 to £500 per terminal. Settlement on the old terminal: ensure the final batch settles cleanly before cancelling the direct debit. PCI compliance: switching does not exempt you from

PCI compliance for any in-flight or refunded transactions on the old account. Dispute and chargeback exposure: chargebacks can land 60 to 120 days after the original transaction; do not close the old merchant account until that window has passed.

## Common Questions

### How long does it take to switch UK card-terminal providers?

New provider activation is 24 to 72 hours for no-contract products and 5 to 14 days for contract products. Closing the old contract cleanly takes 30 to 90 days because of notice periods and chargeback windows. Plan for a 90-day end-to-end switch.

### What does it cost to switch card-terminal providers?

New provider hardware ranges from zero (Tap to Pay on iPhone) to £329 (Stripe Reader S700). Existing-provider early-termination fees are typically £200 to £800 depending on remaining contract months. Hardware non-return penalties on rented terminals are £150 to £500. Total cost of switching is usually £200 to £1,200; savings depend on the rate differential and your monthly volume.

### Will switching affect my customer-facing card acceptance?

Run a one to two-week parallel period to avoid downtime. Activate the new terminal alongside the old one, run live trading on the new one, keep the old one as backup. After two weeks of clean operation, serve cancellation notice on the old contract. Customers should never see a switch.

### Can I keep my existing card-terminal hardware when I switch acquirer?

Usually no. Most UK acquirer hardware (Worldpay, Tyl, Barclaycard, ISO-deployed PAX A920) is acquirer-locked. Buying the hardware outright (Square Terminal, SumUp Solo, Stripe Reader S700) is the only way to keep the device when switching, and even then you will switch acquirers as part of the process.

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## Part 4: Compliance and Risk

### Chapter 10: Strong Customer Authentication and 3D Secure 2

*UK SCA explained for merchants. When 3D Secure 2 triggers, low-value and recurring exemptions, conversion impact, friction reduction, and the liability.*

#### Strong Customer Authentication for UK merchants

UK online card payments require two-factor authentication on most transactions under the retained PSD2 rules. The payment processor delivers this via 3D Secure 2, which runs invisibly for low-risk transactions and prompts the customer for their banking app, SMS

code or biometric on higher-risk ones. Around a quarter to two-fifths of UK ecommerce transactions trigger a challenge in 2026; the rest run frictionless. Cart abandonment at the bank-app prompt is the biggest single leak in UK ecommerce checkout.

## How SCA works in practice

When your customer hits “pay” on your checkout, the acquirer routes the authorisation through 3DS2. The protocol asks the customer’s card issuer: do you want to authenticate this customer for this transaction? The issuer scores the transaction using fraud signals (device, location, value, merchant history, customer history) and replies with one of three outcomes. Frictionless: the issuer trusts the transaction and authorises silently. Challenge: the issuer prompts the customer to confirm via banking app, SMS code or biometric. Decline: the issuer rejects authentication and the transaction fails.

The challenge flow lives in the customer’s banking app for most UK consumers in 2026. Older customers on smaller banks may still see SMS one-time codes. Either way, the customer leaves your checkout, completes the challenge in their banking app, returns to your checkout, and the transaction either authorises or fails. Total elapsed time runs 15 to 60 seconds when it works, longer when the customer cannot find the prompt or their banking app is not installed.

## Exemptions worth knowing

- Low value: transactions under £30 are exempt up to 5 consecutive transactions or £100 cumulative per card.
- Merchant Initiated Transaction (MIT): recurring subscriptions where the card was authenticated at sign-up. Most UK SaaS, gym memberships, streaming services use this.
- Trusted Beneficiary: the customer has explicitly whitelisted your business with their bank. Rare in practice.
- Transaction Risk Analysis (TRA): the acquirer demonstrates fraud rates below a threshold (typically 0.13 percent for transactions under £100, 0.06 percent up to £250, 0.01 percent up to £500). Acquirer-led, not merchant-led.
- Corporate cards: commercial cards processed via SecureCorporate Payments are exempt.

## Reducing SCA friction

The single biggest lever is using a gateway that supports SCA exemption flagging. Stripe, Adyen, Worldpay and Braintree all pass exemption requests through to issuers when they apply. Lesser gateways force every transaction through challenge flow even when an exemption is valid. The conversion difference at scale is meaningful.

Beyond gateway choice: keep your transaction values consistent (SCA-triggering thresholds are partly velocity-based), build customer recognition into your checkout (signed-in customers fare better than guest checkout), and surface the SCA prompt visibly. The most common abandonment cause is customers not realising they need to switch to their banking app.

## Common Questions

### What is Strong Customer Authentication (SCA)?

SCA is a UK and EEA regulatory requirement under PSD2 (retained post-Brexit) that mandates two-factor authentication on most online card payments. The two factors are drawn from: something the customer knows (password / PIN), something they have (phone / app), or something they are (biometric). The payment processor implements SCA via the 3D Secure 2 protocol.

### Does SCA apply to every UK online card transaction?

No. SCA is mandatory by default but several exemptions exist. The most common: low-value (under £30), Merchant Initiated Transaction (recurring subscriptions where the card was authenticated at sign-up), Trusted Beneficiary (customer has whitelisted your business with their bank), and Transaction Risk Analysis (acquirer-led, low-risk transactions). In practice, around 25 to 40 percent of UK ecommerce transactions trigger an SCA challenge in 2026.

### What is 3D Secure 2?

3D Secure 2 (3DS2) is the technical protocol that delivers SCA. It runs invisibly in the background for low-risk transactions (frictionless flow) and challenges the customer with their bank app, SMS one-time code or biometric prompt for higher-risk transactions (challenge flow). 3DS2 replaces the older 3DS1 protocol which had much higher abandonment.

### How much does SCA hurt conversion?

Frictionless flow has near-zero conversion impact. Challenge flow typically drops conversion 2 to 5 percentage points, sometimes higher on mobile where customers may not have their banking app installed. Cart abandonment at the bank-app prompt is the single biggest leak point in UK ecommerce checkout in 2026.

### What is the SCA liability shift?

When SCA is completed (either frictionless or via challenge), liability for fraudulent transactions shifts from the merchant to the card issuer. If you process without SCA where SCA was required, you carry the chargeback exposure. This is why every UK ecommerce acquirer enforces SCA at the gateway level, not at the merchant level.

### Do I need to do anything specific to be SCA-compliant?

If you use a hosted-checkout gateway (Stripe Checkout, Adyen Drop-in, Shopify Payments, PayPal Checkout), SCA is handled for you. If you have a custom checkout, your developer needs to integrate the gateway's 3DS2 SDK (Stripe Elements, Adyen Components, Worldpay Access). Avoid building your own 3DS flow.

### Are subscription billing and recurring payments exempt from SCA?

Partly. The first transaction (set-up) requires SCA. Subsequent recurring charges of the same amount, same frequency, same merchant qualify as Merchant Initiated Transactions and are exempt. If the amount or frequency changes (e.g. usage-based billing), SCA may re-trigger. Customer-initiated changes (upgrades, add-ons) always require fresh SCA.

## How is SCA different for in-person versus online?

In-person (card present) is largely exempt because the physical card and chip-and-PIN or contactless tap satisfy the two-factor requirement already. Contactless tap is one factor (something you have); the £100 contactless cap exists partly because SCA is not enforced under the cap. Above £100, chip-and-PIN adds the knowledge factor and SCA is satisfied.

# Chapter 11: UK Card Chargebacks: Fees, Disputes and Friendly Fraud

*UK card chargeback guide. Per-chargeback fees by acquirer (£15 to £35), card-scheme dispute process, reason codes, friendly fraud rates, evidence rules.*

## UK card chargebacks in 2026

A chargeback is a forced reversal of a card transaction initiated by the customer's issuer. UK merchants pay £15 to £35 per chargeback in 2026 regardless of outcome, lose the original transaction value if they cannot win the dispute, and risk merchant-monitoring placement if their chargeback ratio crosses 0.9 percent (Visa) or 1.5 percent (Mastercard). Friendly fraud, where the customer legitimately authorised the transaction but later disputes it, accounts for 60 to 80 percent of UK online chargebacks. This guide covers the fees, the dispute process, the evidence rules and the levers that keep your ratio below the threshold.

### Chargeback fees by UK acquirer (2026)

Per-chargeback fees, charged regardless of dispute outcome unless noted.

Acquirer	Fee	Refunded on win?
Stripe	£15	Yes
Adyen	£20 to £50	Plan-dependent
Worldpay	£20	No
Dojo	£25	No
SumUp	£25	No
Square	£25	No
Zettle	£20	No
High-risk specialist	£35 to £75	No

### The dispute lifecycle

- Customer disputes the transaction with their card issuer (their bank or card company).
- Issuer initiates chargeback via Visa or Mastercard scheme rails. Funds are provisionally pulled from the merchant's acquirer.
- Merchant has 7 to 21 days (varies by reason code) to submit evidence challenging the dispute.

- Acquirer reviews evidence and either accepts (merchant loses, funds stay with issuer) or represents (challenges back).
- Pre-arbitration: if represented, issuer can accept (merchant wins) or escalate.
- Arbitration with Visa or Mastercard as final arbiter. Rare. Costs £100 to £500 in arbitration fees.

Typical elapsed time: 30 to 120 days. The merchant's funds are unavailable for this whole period.

## Common Questions

### What is a chargeback?

A chargeback is a forced reversal of a card transaction initiated by the customer's card issuer, usually after the customer disputes the transaction. The customer gets their money back, the merchant loses the transaction value, and the merchant typically pays a non-refundable chargeback fee on top.

### What do UK acquirers charge per chargeback?

Chargeback fees in 2026 typically run £15 to £35 per case regardless of outcome. Stripe charges £15 (refunded if the merchant wins the dispute). Worldpay £20. Adyen £20 to £50 depending on plan. Dojo £25. SumUp £25. Square £25. The merchant pays the fee even when they win the dispute, except where the acquirer explicitly refunds it.

### What is the chargeback dispute process?

Stage 1: customer files dispute with their card issuer. Stage 2: issuer initiates chargeback via Visa or Mastercard rails, money is provisionally pulled from the merchant. Stage 3: merchant has 7 to 21 days (varies by reason code) to submit evidence challenging the dispute. Stage 4: acquirer reviews evidence and either accepts (merchant loses) or represents (challenges back). Stage 5: if represented, issuer can accept (merchant wins) or escalate to pre-arbitration. Stage 6: pre-arbitration to arbitration with Visa or Mastercard as final arbiter. Total elapsed time: 30 to 120 days typically.

### What is friendly fraud?

Friendly fraud is when a legitimate customer disputes a transaction they actually authorised. Most common reasons: customer forgets the transaction, family member makes the transaction, customer regrets the purchase but cannot get a refund through normal channels, customer claims item not received when it was received. Friendly fraud is estimated at 60 to 80 percent of UK online chargebacks in 2026, up from 40 to 50 percent pre-pandemic.

### How do I win a chargeback dispute?

For card-not-present (online) disputes: provide SCA / 3DS2 authentication evidence (this alone wins most "I did not authorise" disputes due to liability shift), delivery proof with signature, customer correspondence showing service delivery, IP address matching, billing-shipping match, and clear refund policy that the customer agreed to. For card-present (in-person): provide signed receipt, EMV chip-read evidence, and POS authorisation log. Cases with SCA completion are almost always winnable.

## **What is the chargeback monitoring threshold?**

Visa monitors merchants exceeding 0.9 percent chargeback ratio or 100 chargebacks per month. Mastercard monitors at 1.5 percent or 100 monthly. Merchants in monitoring face higher fines (£25 to £100 per chargeback), mandatory remediation plans, and potential acquirer termination. High-risk verticals (CBD, vape, gambling, adult, dating) face lower thresholds and stricter monitoring.

## **Can I prevent chargebacks before they happen?**

Yes, mostly. Pre-emptive refunds (refund the customer before they dispute) cost less than chargebacks. Clear billing descriptors (so customers recognise the transaction on their statement) reduces “I do not recognise this” disputes. Proactive customer service (email confirmation, dispatch notification, delivery confirmation) reduces “item not received” disputes. Fraud prevention tools (Stripe Radar, Adyen RevenueProtect, Sift) intercept fraudulent transactions before authorisation. SCA enforcement removes most “I did not authorise” disputes.

## **What is the difference between a chargeback and a refund?**

A refund is voluntary, initiated by the merchant, with funds returned via the original transaction. A chargeback is forced, initiated by the issuer, with funds reversed via the card scheme rails. Refunds cost the merchant the original interchange (most acquirers do not refund their take); chargebacks cost the merchant the full transaction value plus a non-refundable fee. Refunds are always cheaper than chargebacks.

# **Chapter 12: The MATCH List and TMF: UK Merchant Guide**

\*UK-specific guide to Mastercard\*

## **MATCH list and TMF: a UK merchant’s guide**

The MATCH list (Member Alert to Control High-Risk Merchants), historically called the Terminated Merchant File, is Mastercard’s global database of merchants whose accounts have been terminated. UK acquirers check it on every new application. Listings stay for 5 years. There are 13 reason codes; UK removal routes vary by code.

## **What MATCH is, in one paragraph**

MATCH is a private Mastercard-operated database. When a UK acquirer terminates a merchant for one of 13 specific reasons, the acquirer is required by Mastercard scheme rules to add the merchant (and the principals, directors and controlling shareholders) to MATCH. Every other Mastercard acquirer can then see that listing when underwriting a new merchant application. In practice it operates as a 5-year industry blacklist. Visa runs a parallel system (VMSS) but MATCH is the one most cited in UK underwriting because it is older and more widely populated.

## All 13 reason codes, plain English

Code | Name | Plain English |

Note: Mastercard reserved code 06 and does not currently use it. The active list runs 01-05, 07-14 (13 codes total).

## UK removal routes, by reason code

Code | Most realistic UK removal route |

01, 02 | Demonstrate full PCI DSS remediation and a clean post-incident audit. Listing acquirer can request removal once the breach is closed. |

04, 05 | Realistically wait the 5 years. Acquirers rarely remove chargeback or fraud-threshold listings early. |

09 | Once insolvency is closed and debts resolved, request removal in writing. UK insolvency closure documentation is the strongest evidence. |

10, 12 | Provide evidence of remediation: PCI compliance certificate, scheme-rule training, written policy. Listing acquirer decides. |

14 | Identity theft. UK route: file an Action Fraud report (NFIB), provide ID and supporting documents to the listing acquirer, escalate to FOS if unresolved within 8 weeks. |

07, 11, 13 | No realistic early removal. These are conviction or proven-collusion codes. |

## If you have been listed in error

UK route, in order:

- Get the listing acquirer to confirm the code in writing.
- Submit a written dispute to the acquirer's complaints team. They have 8 weeks to respond.
- If unresolved or rejected, escalate to the Financial Ombudsman Service. The FOS does not remove MATCH listings directly but can order the acquirer to remove if the listing was wrong.
- For identity-theft cases (code 14), file an Action Fraud report alongside.

## High-risk-acquirer route (post-listing trading)

If you need to keep trading while listed, specialist UK high-risk acquirers will sometimes underwrite, at high-risk pricing (3% to 6%+ blended typical, plus rolling reserve, plus higher chargeback fees). Underwritability varies materially by code: code 14 (identity theft, resolved) is straightforward; code 04 (excessive chargebacks) is hard. See our high-risk verticals guide for the UK acquirer panel that takes this work.

## UK editorial note

Most search results on MATCH are US-sourced. UK rules differ in three ways. First, the Financial Ombudsman Service gives UK merchants a free escalation route that US merchants do not have. Second, UK insolvency law gives directors a clean documentary trail (closure certificate from the Insolvency Service) that strengthens code-09 removal re-

quests. Third, UK Action Fraud reporting via the National Fraud Intelligence Bureau is the documentary anchor for code-14 disputes. We have written this page UK-first because the US guides do not cover any of the three.

## **Frequently asked questions**

### **Need a UK high-risk acquirer?**

We can match MATCH-listed UK merchants to acquirers who underwrite by reason code.

## **Common Questions**

### **Is the MATCH list the same as the Terminated Merchant File?**

Yes, in everyday usage. MATCH (Member Alert to Control High-Risk Merchants) is Mastercard's formal name. TMF (Terminated Merchant File) is the older industry term for the same database. Some acquirers and ISOs still call it the TMF.

### **How long does a MATCH listing stay in place?**

Five years. The record is automatically removed at the five-year point unless the listing acquirer takes it off sooner, which is rare.

### **How do I find out if I am on it?**

You cannot search MATCH directly. The two routes are: (1) ask any acquirer that has just declined your application to confirm whether MATCH was the reason and which code; (2) if you suspect a wrongful listing, raise a complaint with the listing acquirer in writing, and if unresolved, escalate to the Financial Ombudsman Service.

### **Does MATCH apply to UK merchants?**

Yes. MATCH is a global Mastercard system. Any UK acquirer that is a Mastercard member checks MATCH on every new merchant application.

### **Can I get off the MATCH list early?**

Only the listing acquirer can remove an entry early. Realistic routes: prove the listing was a factual error (wrong merchant, wrong codes), prove identity theft (code 14), or settle outstanding chargeback / scheme fees and ask the acquirer to reconsider. Most code-04 listings stay for the full 5 years.

### **Are there UK acquirers that work with MATCH-listed merchants?**

Yes, but at high-risk pricing. Specialist UK high-risk acquirers will sometimes underwrite MATCH-listed merchants depending on the reason code. Codes 01, 02, 09 (resolved), 10 and 14 (identity theft) are more underwritable than codes 04, 05, 11 or 13.

### **Will being on MATCH affect my limited company or only me personally?**

Both. MATCH lists the merchant entity and its principal owners (directors, controlling shareholders). Setting up a new Ltd does not get you off the list; principals are checked against new applications.

## Does the FCA regulate MATCH?

No. MATCH is a private Mastercard scheme database. The FCA regulates the acquirers, but not the database itself. Disputes about wrongful listings are typically resolved either acquirer-direct or via the Financial Ombudsman Service.

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# Part 5: The Regulatory Landscape

## Chapter 13: UK Contactless Cap Removed: What Changed on 19 March 2026

*The UK FCA removed the £100 contactless transaction cap on 19 March 2026. Banks are holding £100 voluntarily.*

### UK contactless cap removed: what changed on 19 March 2026

The FCA removed the regulatory £100 contactless cap on 19 March 2026. In practice, every major UK bank is holding the £100 limit voluntarily. The cumulative £300 cap was also removed; banks now set their own thresholds. The mobile-wallet path (Apple Pay, Google Pay) is unaffected and remains the cleanest route to higher-value contactless because biometric authentication on the phone counts as SCA.

#### The history of the UK contactless cap

- 2007: First UK contactless rollout. £10 cap.
- 2010: Cap raised to £15.
- 2012: £20.
- 2015: £30.
- April 2020: Raised to £45 to reduce PIN-pad contact during the pandemic.
- October 2021: Raised to £100 (alongside introduction of the £300 cumulative cap).
- 19 March 2026: Regulatory cap removed entirely. £300 cumulative cap also removed.

#### What the FCA actually did

The FCA removed the regulatory limit. It did not mandate an increase. Banks and card issuers are free to set their own limits at any level. Most major UK banks have chosen to hold the £100 limit voluntarily for fraud-control reasons. The regulatory cap is gone; the practical cap, for now, remains £100 at most issuers.

The change was part of a smarter-regulation review of UK financial rules post-Brexit and aligned with the broader Payment Systems Regulator and FCA work on cross-border interchange and authentication. See our cross-border interchange guide for the related PSR cap appeal.

## Bank positions as of May 2026

Issuer | Single-transaction limit | Cumulative limit |

Lloyds, Halifax, Bank of Scotland | £100 | £300 cumulative; PIN periodic |

Barclays | £100 | £300 cumulative |

NatWest, RBS, Ulster | £100 | £300 cumulative |

HSBC, First Direct | £100 | £300 cumulative |

Santander UK | £100 | £300 cumulative |

Monzo | £100, with selective opt-in to £200 for verified cardholders | £300 cumulative |

Starling | £100 | £200 cumulative |

Revolut UK | £100 | £300 cumulative |

Tide | £100 | £200 cumulative |

Issuer positions verified against bank help pages May 2026. Subject to change.

## Mobile wallet is the cleaner path above £100

Apple Pay, Google Pay, Samsung Pay and similar mobile wallets are not affected by the contactless cap because the wallet itself authenticates the cardholder via biometric (Face ID, Touch ID, fingerprint) before initiating the transaction. That authentication satisfies SCA. Mobile-wallet contactless transactions can run to any amount the issuer accepts, with no chip-and-PIN required.

For higher-ticket UK merchants (jewellers, dentists, hotels, premium restaurants), encouraging mobile-wallet use is the cleanest route to higher-value contactless. Practical steps:

- Train staff to check the customer's phone is unlocked and ready before tapping
- Add Apple Pay and Google Pay to the customer-facing terminal display
- Brief customers that mobile wallet skips the PIN step

## Strong Customer Authentication (SCA) and the cap

Under PSD2, transactions in the UK must be SCA-authenticated unless an exemption applies. The historical £100 contactless cap aligned with the “low-value contactless” exemption (no SCA needed for transactions under £100, up to a cumulative spend before SCA was triggered).

With the cap removed, the SCA exemption logic still applies in the same way:

- Card contactless under the issuer's threshold: SCA-exempt
- Card contactless above the issuer's threshold: SCA required, terminal prompts for chip-and-PIN
- Mobile-wallet contactless: SCA satisfied by phone biometric, no terminal prompt regardless of amount

For practical merchant impact: nothing changes for the customer experience. The cap was already enforced by the issuer; it is still enforced by the issuer.

## Acquirer position by major UK acquirer

- Dojo Go: respects issuer decision. Per-merchant ceiling configurable via Dojo Hub.
- SumUp Solo: respects issuer decision. £100 hard floor for chip-and-PIN prompt as of May 2026.
- Stripe Reader S700: respects issuer decision. Stripe Terminal SDK allows custom ceiling.
- Square Terminal: respects issuer decision. Square dashboard allows merchant ceiling.
- Zettle Reader 2: respects issuer decision. PayPal Zettle does not expose merchant ceiling.
- Adyen and Worldpay: respect issuer decision. Tier-one terminals allow per-merchant ceilings via account manager.

## Should you raise your own contactless ceiling?

Three considerations:

- Customer experience. Higher-ticket merchants benefit when customers can tap-and-go on a £150 transaction. Currently mobile wallet is the only practical route.
- Fraud risk. Higher-value contactless without PIN carries marginally higher fraud exposure. UK chargeback liability rules treat contactless-fraud disputes against the issuer (not merchant) for properly authenticated transactions, but acquirer-side risk profiling still applies.
- Customer queue impact. PIN-fallback adds 5-10 seconds per transaction. For peak-hour hospitality, mobile-wallet adoption matters.

Most UK SMBs have no need to change their setup. The change matters most for jewellers, dentists, premium restaurants and other higher-ticket merchants where contactless-above-£100 friction was a real-world pain point.

## What to expect over 2026-2027

Three plausible trajectories for the UK contactless landscape:

- Stable at £100: banks continue to hold £100 voluntarily; no material change for most merchants.
- Selective higher tiers: challenger banks lift the limit selectively for verified cardholders (Monzo already piloting £200 opt-in).
- Industry-wide step: Visa or Mastercard mandate a higher industry limit (£150 or £200) and major banks comply. This requires a card-scheme decision, not an FCA decision.

No UK industry timeline is announced for option 3 as of May 2026.

## Frequently asked questions

### Need a UK terminal that handles higher contactless cleanly?

Higher-ticket merchants benefit from terminals that support strong mobile-wallet UX, configurable contactless ceilings and reliable chip-and-PIN fallback. Our matcher surfaces the right pick by trade and ticket size.

## Common Questions

### What changed on 19 March 2026?

The Financial Conduct Authority removed the regulatory £100 limit on contactless transactions in the UK. The limit had been £30 (until April 2020), then £45, then £100 since October 2021. The 19 March 2026 change leaves the limit to be set by individual banks and card schemes rather than by regulation.

### Has the contactless limit actually gone up in practice?

Mostly no. As of May 2026, the major UK card issuers (Lloyds, Barclays, NatWest, HSBC, Santander, plus the challenger banks Monzo, Starling, Revolut, Tide) are holding the £100 limit voluntarily. The regulatory cap is gone but the practical cap remains £100 at most issuers. Some smaller credit-only providers have raised individual cardholder limits selectively.

### Why did the FCA remove the cap?

The cap was originally a fraud-control measure and a Strong Customer Authentication (SCA) anchor under PSD2. With biometric SCA now widespread (mobile wallet authentication via Face ID, Touch ID), and chip-and-PIN remaining available as a fallback, the FCA judged the regulatory cap was no longer necessary. The cap removal was part of a broader smarter-regulation review of post-Brexit UK financial rules.

### What about the cumulative spend cap (£300)?

The £300 cumulative spend cap (no more than £300 of contactless without a chip-and-PIN verification) was removed at the same time. Card issuers can still apply their own cumulative limits. In practice most major UK issuers retain a cumulative threshold of £200 to £400, with chip-and-PIN periodically requested.

### Do I need to update my card terminal?

For most UK terminals (Dojo Go, Stripe Reader S700, SumUp Solo, Square Terminal, Zettle Reader 2), no. The terminal hardware does not enforce the cap; it transmits the transaction and the issuer decides whether to authorise. If the terminal has a hard-coded £100 floor for prompting chip-and-PIN, the acquirer will push a software update.

### What is Strong Customer Authentication (SCA) and how does the cap interact with it?

SCA is a PSD2 requirement that high-value or unauthenticated card transactions need two-factor authentication. The historical £100 cap aligned with the SCA “low-value contactless” exemption. Now that the cap is removed, contactless transactions above £100 still trigger the SCA requirement, which on a card means chip-and-PIN. On a mobile wallet (Apple Pay, Google Pay), the biometric authentication on the phone counts as SCA, so larger contactless via mobile wallet works without a PIN.

### **Should I encourage customers to use mobile wallets?**

For higher-ticket merchants (jewellers, dentists, hotels, restaurants with cover charges), yes. Mobile wallets let customers tap-and-go above £100 without a PIN because the wallet itself authenticates. For UK merchants this reduces friction and chargeback risk on higher-value contactless. Apple Pay and Google Pay both count as fully SCA-authenticated transactions.

### **Do chargebacks change with the cap removal?**

Slightly. Higher-value contactless transactions carry higher fraud risk simply because the absolute amounts are bigger. Mastercard and Visa issuer rules around contactless-fraud chargebacks apply identically to amounts above £100. The merchant who wants to limit exposure can still set a custom contactless ceiling at the terminal level (most acquirers allow this).

## **Chapter 14: UK-EEA Cross-Border Interchange: PSR Cap and Appeal**

*Where the UK-EEA cross-border interchange fee cap stands in May 2026: PSR powers upheld in January, Visa and Mastercard appeal granted in March.*

### **UK-EEA cross-border interchange cap, May 2026 status**

The PSR’s power to cap UK-EEA cross-border consumer-card interchange fees was upheld by the High Court on 15 January 2026. The Court of Appeal then granted Visa and Mastercard permission to appeal a separate parallel ruling on 17 March 2026. As of May 2026 the PSR has the legal power but has not yet set a cap level. Rates remain at 1.15% (debit) and 1.5% (credit) on card-not-present.

### **Where we are, in plain English**

Brexit removed UK-EEA card transactions from the European Interchange Fee Regulation’s 0.2% (debit) and 0.3% (credit) cap. Visa and Mastercard moved to default cross-border rates of 1.15% and 1.5% on card-not-present consumer transactions. The PSR ran a market review (MR22/2.8) and proposed a remedy in 2023. Visa, Mastercard and Revolut judicially reviewed the PSR’s power to set such a cap. The High Court dismissed all three challenges on 15 January 2026. Visa and Mastercard then secured permission to appeal a parallel 2024 Competition Appeal Tribunal ruling on 17 March 2026. The PSR has consulted on cap methodology and is yet to publish a final cap level.

## Timeline

Date | Event |

2015 | EU Interchange Fee Regulation caps intra-EEA consumer card interchange at 0.2% (debit) and 0.3% (credit). |

January 2021 | UK formally outside the IFR. UK-EEA card flows reclassified as cross-border. |

2021-2022 | Visa and Mastercard increase cross-border consumer-card-not-present rates to 1.15% and 1.5%. |

2022-2023 | PSR opens market review MR22/2. |

December 2024 | PSR publishes Stage 1 consultation (CP24/14) on cross-border interchange remedies. |

2025 | PSR drops Stage 1 interim cap, consults on Stage 2 methodology (MR22/2.8, October 2025; comments closed 21 November 2025). |

15 January 2026 | High Court upholds PSR's power to cap UK-EEA cross-border interchange. All three judicial review claims dismissed. |

17 March 2026 | Court of Appeal grants Visa and Mastercard permission to appeal a separate 2024 Competition Appeal Tribunal ruling on multilateral interchange fees. |

As of May 2026 | PSR has legal power, has not set a final cap level. Cross-border rates remain at 1.15% and 1.5%. |

## Current cross-border rates (May 2026)

Transaction type | Pre-Brexit (IFR) | Current cross-border |

Consumer debit, card-not-present | 0.2% | 1.15% |

Consumer credit, card-not-present | 0.3% | 1.5% |

Consumer debit, card-present | 0.2% | Variable; lower than CNP, scheme-dependent |

Commercial cards | Not capped | Materially higher; not in scope of the PSR cap |

Rates apply to UK merchants taking EEA-issued consumer cards online and to EEA merchants taking UK-issued consumer cards online. Card-present rates are lower and outside the PSR's primary remedy scope.

## Merchant impact

The cost is real but unevenly distributed. Tourist-heavy UK merchants and EEA-customer-heavy online businesses bear most of the load. A London hotel where 30% of card revenue is on EEA-issued cards pays roughly 0.85 percentage points more on that 30% than under the pre-Brexit cap, before any blending by the acquirer. For a £2m annual hospitality business that is in the order of £5,000 a year just from this one fee component.

Most blended acquirers (Dojo, SumUp, Square) absorb cross-border into one rate, so the merchant does not see it line-itemed. Adyen and Stripe (interchange-plus) typically itemise it. If you want to know how much you are paying, ask for a 90-day fee breakdown by interchange category.

## What merchants can do now

- Move to interchange-plus pricing. Above ~£50k monthly card volume, blended pricing typically over-charges and hides the cross-border component. Interchange-plus exposes it and lets you act.

- Add Open Banking as an EEA-customer payment option. Open Banking has no interchange and no cross-border issue. Most UK e-commerce platforms (Shopify, WooCommerce, BigCommerce) support it.
- Write a pass-through clause into your acquirer contract. If the PSR caps cross-border interchange, you want any reduction passed to you, not absorbed by the acquirer.
- Track the PSR. The PSR publishes its consultation responses and intended final-cap timing on psr.org.uk. We will update this page when a cap level is set.

## What happens next

Two threads run in parallel. The PSR's Stage 2 cap process is technically separate from the Visa/Mastercard appeal in the multilateral interchange case. Pragmatically, the PSR is unlikely to land a final cap until the Court of Appeal hearing in the multilateral case is heard and judgment is given, because the legal reasoning could overlap. We expect a final PSR cap level to be set in the second half of 2026 at earliest, with implementation 6-12 months after.

## Frequently asked questions

### Common Questions

#### What is “cross-border interchange”?

When a UK merchant accepts a card issued in the European Economic Area (or vice versa), the issuer charges an interchange fee that the acquirer passes to the merchant via the Merchant Service Charge. Since Brexit, these are “cross-border” rather than “intra-EEA” and have risen sharply.

#### What are the current cross-border interchange rates?

On UK-issued cards used at EEA merchants (and EEA-issued cards used at UK merchants), Visa and Mastercard set 1.15% on consumer debit and 1.5% on consumer credit for card-not-present (online) transactions. Pre-Brexit caps were 0.2% and 0.3% under the EU Interchange Fee Regulation. The fees increased after the IFR ceased to apply between the UK and EEA in 2020.

#### Has the PSR capped the rates yet?

No, not as of May 2026. The PSR has confirmed in court (15 January 2026) that it has the legal power to do so, but it has not yet set the level of any cap. The PSR consulted on a methodology in October 2025; final cap-setting follows. The Court of Appeal granted Visa and Mastercard permission to appeal a separate 2024 multilateral interchange fee ruling on 17 March 2026, which adds further uncertainty.

#### Who pays cross-border interchange?

The merchant. It flows through the Merchant Service Charge. Some acquirers (Adyen, Stripe interchange-plus) itemise it; most “blended” acquirers (SumUp, Square, Dojo on Go) absorb it into a single rate.

#### Which UK merchants are most affected?

Tourism-heavy UK merchants (London hospitality, hotels, attractions), online merchants serving EEA customers, and any UK e-commerce business with a meaningful EEA customer base. The hit on a London hotel taking 30% of revenue from EEA-issued cards is material.

### **When will the cap actually take effect?**

The PSR has not given a date as of May 2026. The October 2025 consultation closed in November 2025 and the PSR has yet to publish a final cap level. The pending Visa/Mastercard appeal in the parallel multilateral interchange case may be heard in late 2026; the cross-border cap process is technically separate but pragmatically intertwined.

### **What can merchants do in the meantime?**

Three levers: (1) move to interchange-plus pricing if you are over £50k monthly card volume, this exposes the cross-border component instead of hiding it; (2) explore Open Banking for EEA customers (no interchange); (3) make sure your acquirer is passing on any future PSR-mandated reduction (write the term into your contract).

### **Does Brexit explain all of this?**

Yes, mechanically. The EU Interchange Fee Regulation set 0.2% and 0.3% caps on intra-EEA consumer card interchange. After Brexit, UK-EEA flows became “cross-border”. Visa and Mastercard moved to higher cross-border defaults (1.15% and 1.5%) which are not capped under EU law (because the UK is no longer in the EEA) and not yet capped under UK law (because the PSR has not set a level).

## **Chapter 15: Visa and Mastercard Cross-Border Update 2026**

*UK-EEA cross-border interchange in flux: PSR Jan 2026 cap, Visa and Mastercard appeal, Court of Appeal hearing 17 March 2026.*

### **UK-EEA cross-border interchange: where we are in May 2026**

The PSR capped UK-EEA cross-border interchange at 0.2% (debit) and 0.3% (credit) in January 2026, matching the regulated UK domestic rates. Visa and Mastercard appealed; the Court of Appeal heard the case on 17 March 2026. Judgment expected summer 2026. Until then, merchants on IC+ pricing pay the pre-cap rates of 1.15% to 1.50% on EEA-issued transactions; merchants on blended pay an invisible blended cost.

### **The story in three acts**

#### **Act 1: Brexit and the rate hike (2021)**

Pre-Brexit, UK-EEA card transactions sat under the EU Interchange Fee Regulation. Cross-border interchange was capped at 0.2% (debit) and 0.3% (credit), the same as domestic. After 31 January 2020 (UK exit) and the end of the transition period (31

December 2020), the UK was no longer in the EU regulatory perimeter. Visa and Mastercard raised UK-EEA cross-border interchange in 2021 to 1.15% (debit) and 1.50% (credit), a 5x to 6x increase.

### **Act 2: PSR market review (2022-2025)**

The Payment Systems Regulator opened a market review in 2022. The review concluded that Visa and Mastercard had market power and were charging unduly high cross-border interchange. The PSR issued final remedies in January 2026 capping UK-EEA cross-border at the regulated UK domestic rates (0.2% debit, 0.3% credit).

### **Act 3: the appeal (2026)**

Visa and Mastercard appealed to the Competition Appeal Tribunal. The CAT issued a partial judgment, upholding parts of the PSR decision but suspending the cap pending appeal. The case went to the Court of Appeal, which heard the case on 17 March 2026. Judgment expected summer 2026.

## **Who gains and who loses**

Party | Current state | If cap holds |  
 UK merchants | Pay 1.15-1.50% on EEA-issued transactions | Pay 0.2-0.3%; £150-£200m saved across all UK merchants annually |  
 Visa and Mastercard | Collect higher cross-border interchange | Lower revenue from UK-EEA flow; potential precedent for other corridors |  
 EEA-issuing banks | Receive higher interchange on UK-bound transactions | Receive lower interchange; reduced cross-border revenue |  
 UK acquirers (Stripe, Adyen, Worldpay) | Pass through current rates | Pass through lower rates; competitive pressure to reflect saving in markups |  
 UK consumers (cardholders) | Indirect: higher merchant costs feed prices | Indirect: marginal price effect from merchant savings |

## **The broker-vs-bank perspective**

The dispute is not just merchant-vs-scheme. It is a structural argument about how interchange should be set in a post-Brexit UK:

- Broker view (acquirers, merchant trade bodies): interchange should reflect actual processing cost plus a reasonable margin. Cross-border processing is not 5x more expensive than domestic; the higher rate is rent extraction.
- Bank view (Visa, Mastercard, issuing banks): cross-border interchange covers fraud risk, fx volatility, and cross-jurisdictional regulation. The pre-2021 EU rate was a regulated subsidy, not a cost-reflective price; removing it merely reflects underlying economics.
- PSR view: Visa and Mastercard had not produced evidence justifying the 5x-6x hike. The hike was made because the regulatory cap was lifted, not because costs changed.
- Court of Appeal view: to be decided. The 17 March hearing focused on whether the PSR was within its statutory powers and whether the remedies were proportionate.

## Merchant impact: blended vs IC+

Whether you feel the cross-border cost depends on your pricing model:

### If you are on blended (SumUp, Square, Stripe blended, Dojo blended)

The cross-border rate is invisible. Your acquirer absorbs the higher cost into the blended rate. You pay the same 1.69% or 1.75% per transaction regardless of whether the cardholder is UK or EEA. If the cap takes effect, you do not directly benefit; the acquirer benefits unless competition forces the saving through.

### If you are on IC+ (Adyen, Stripe custom, Worldpay, Barclaycard)

The cross-border rate is line-by-line on the statement. Every EEA-issued transaction shows the full 1.15-1.50% interchange. If the cap takes effect, your IC+ rate updates automatically (provided your contract specifies “interchange-plus”; check for fixed-rate clauses). The saving lands directly in your account.

## Calculate the at-risk fee

Three steps to know your exposure:

- Pull EEA-issuer transactions. Acquirer statement should tag transactions by issuer country. If yours does not, ask the acquirer for the breakdown.
- Calculate gap. EEA volume  $\times$  (current cross-border rate minus 0.2% or 0.3%).
- Annualise. Multiply by 12.

Worked example: a UK e-commerce merchant with £15k/month EEA volume on consumer-credit cards. Current rate 1.50%; capped rate 0.30%. Gap is 1.20%. Monthly cost: £180. Annual: £2,160. If the cap holds, that is the immediate annual saving.

## What to do today

- Identify your EEA mix. If above 10% of volume, the cross-border issue is material.
- Move to IC+ if you are on blended and have material EEA mix. The transparency lets you act on the future cap or renegotiate now.
- Add a contract clause. If signing a new IC+ deal, ensure the interchange pass-through is automatic for any regulatory rate change. Some acquirer contracts have “rate freeze” clauses that defeat the purpose.
- Track the appeal outcome. Court of Appeal judgment summer 2026.
- Be ready to renegotiate. If the cap holds, your acquirer will pass through some saving but may try to widen the markup. The UK acquirer market is competitive; quote alternatives if your current acquirer drags.

## What to expect 2026-2027

Three plausible trajectories:

- Cap holds (40% probability). Court of Appeal upholds the PSR remedies. Cross-border rates drop to UK domestic levels. UK merchants save £150-£200m a year. Visa and Mastercard appeal further to the Supreme Court (adding 12-18 months).
- Cap falls (35% probability). Court of Appeal sides with Visa and Mastercard. Cross-border rates remain at 1.15-1.50%. PSR forced to redesign remedies; possible 12-month delay before a new cap is attempted.
- Negotiated settlement (25% probability). The schemes propose a lower-than-current but higher-than-domestic rate (e.g. 0.5% to 0.7%) and the PSR accepts. Settlement avoids further litigation.

In all three scenarios, having clean IC+ statements lets you act on the change immediately when it happens.

### Cross-link: related learn pages

- UK cross-border interchange (practical guide)
- Interchange-plus vs blended pricing
- Total Cost of Acquiring calculator

## Frequently asked questions

### Material EEA mix? Get IC+ quotes from UK acquirers

If a meaningful share of your volume is EEA-issued, IC+ pricing is the only model that lets you see and act on the cross-border rate. Our matcher surfaces UK acquirers offering IC+ with automatic interchange pass-through.

## Common Questions

### What is cross-border interchange?

When a UK cardholder buys from a UK merchant, that is a domestic transaction with regulated interchange (0.2% debit, 0.3% credit). When an EEA-issued cardholder (German, French, Spanish etc) buys from a UK merchant, that is cross-border. Cross-border interchange has historically been higher (1.15% debit, 1.50% credit) since 2021, when Visa and Mastercard raised it after the UK left the EU regulatory perimeter.

### What did the Payment Systems Regulator do in January 2026?

The PSR issued final remedies capping UK-EEA cross-border interchange at 0.2% (debit) and 0.3% (credit), matching the regulated UK domestic rate. The remedies were the result of a multi-year market review concluding that Visa and Mastercard had market power and the post-Brexit cross-border rates were unduly high.

## Did the cap take effect?

Partly. Visa and Mastercard appealed the PSR remedies. The Competition Appeal Tribunal heard the case at first instance and upheld parts of the PSR decision but suspended the cap pending the Court of Appeal hearing. As of May 2026 the cap is in legal flux; Visa and Mastercard continue to charge the higher cross-border rates pending the appeal outcome.

## When does the Court of Appeal decide?

The Court of Appeal heard the case on 17 March 2026. The judgment is expected in summer 2026 (typically 8-16 weeks post-hearing). Until the judgment, UK merchants pay the pre-cap cross-border rates. If the appeal fails, the cap takes effect retrospectively or prospectively depending on the judgment's remedy.

## How much does this cost UK merchants today?

For a UK merchant on blended pricing, the cross-border rate is invisible (the acquirer absorbs it). For an IC+ merchant, every EEA-issued transaction pays the full 1.15% to 1.50% interchange. UK merchants with significant EEA-customer mix (e-commerce shipping to Europe, hospitality serving EU tourists, B2B trade with EU clients) feel the cost directly. The Office for National Statistics estimated UK merchants paid £150m-£200m in extra cross-border fees in 2024-2025.

## How is this different from your other cross-border guide?

Our </learn/cross-border-interchange-uk-2026/> page covers the practical merchant fee impact and case-handling. This page covers the broker-vs-bank perspective: who is gaining what, what the strategic shape of the dispute is, and how the appeal outcome affects merchant choice. The two pages are complementary; this one is for merchants who want to understand the political-commercial dynamics.

## Should I switch acquirers because of this?

Probably not just for cross-border, unless your EEA mix is material (>30% of volume). For most UK SMBs, the cross-border issue is a £20-£200/month line item that is dwarfed by the choice of pricing model (IC+ vs blended) on domestic volume. If you do have material EEA mix, ensure your acquirer is on IC+ so you see the cross-border rate transparently and can act on it.

## Could the EU strike back?

Possibly. The European Commission has its own ongoing review of cross-border interchange and could mirror the PSR cap or impose its own. The UK and EU central banks have separate mandates but talk regularly. The most likely outcome over 2026-2027 is a UK-EU coordinated cap (matching the regulated domestic rates on both sides) rather than asymmetric caps that drive arbitrage.

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## About the Author

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## About the Publisher

**MerchantHQ** ([merchanthq.co.uk](https://merchanthq.co.uk)) is a UK whole-of-market card-payment comparison. Operated by Best Business Loans Ltd (company number 16833937), MerchantHQ provides independent comparison, editorial guides, and rate analysis across UK card machines, merchant accounts and payment processors. MerchantHQ is not affiliated with any acquirer or payment processor.

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The following sources are cited in the editorial chapters of this handbook. All figures and statistics in the handbook are reproduced verbatim from the source pages on [merchanthq.co.uk](https://merchanthq.co.uk), which in turn cite the primary sources listed here.

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